

Message Text

CONFIDENTIAL

PAGE 01 OTTAWA 00287 01 OF 04 190227Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----051508 190250Z /12
O 190209Z JAN 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 6030

C O N F I D E N T I A L SECTION 01 OF 04 OTTAWA 00287

EXDIS

FOR VICE PRESIDENT'S OFFICE (MR. CLIFT); EUR - MR. VEST;
EB - MR. KATZ ONLY

E.O. 11652: GDS
TAGS: OVIP (MONDALE, WALTER), CA
SUBJECT: VICE PRESIDENT'S MEETING WITH PRIME MINISTER
TRUDEAU, JANUARY 17, 1978

1. FOLLOWING PRIVATE MEETING ON JANUARY 17, VICE PRESIDENT
MONDALE AND PRIME MINISTER TRUDEAU MET IN ENLARGED MEETING
FROM 4:00 PM UNTIL 4:55 PM. THIS MESSAGE IS UNCLEARED
RECORD OF THAT MEETING.

2. FOLLOWING OFFICIALS WERE PRESENT:

-- CANADA

PIERRE TRUDEAU - PRIME MINISTER
ALLAN MACEACHEN - DEPUTY PRIME MINISTER
DONALD JAMIESON - SECRETARY OF STATE FOR EXTERNAL
AFFAIRS
ROMEO LEBLANC - MINISTER OF FISHERIES
JEAN CHRETIEN - MINISTER OF FINANCE
ALASTAIR GILLESPIE - MINISTER OF ENERGY, MINES AND
RESOURCES

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LEONARD MARCHAND - MINISTER OF STATE FOR ENVIRONMENT
JOHN (JACK) HORNER - MINISTER OF INDUSTRY, TRADE AND
COMMERCE
IVAN HEAD - SENIOR ADVISOR TO THE PRIME MINISTER
PETER TOWE - CANADIAN AMBASSADOR TO THE U.S.
ALLAN GOTLIEB - UNDERSECRETARY OF STATE FOR EXTERNAL
AFFAIRS -

ROBERT JOHNSTONE - DEPUTY UNDERSECRETARY OF STATE FOR
EXTERNAL AFFAIRS (ECONOMIC)
WILLIAM HOOD - ASSISTANT DEPUTY MINISTER OF FINANCE
ROBERT K. JOYCE - ASSISTANT DEPUTY MINISTER OF FINANCE
JOHN SHARPE - USA DIVISION, EXTERNAL AFFAIRS (NOTETAKER)

-- U.S. SIDE

THE VICE PRESIDENT
AMBASSADOR THOMAS ENDERS
SENATOR W. HATHAWAY (MAINE)
SENATOR R. STAFFORD (VERMONT)
SENATOR W. ANDERSON (MINNESOTA)
DAVID AARON - DEPUTY ASSISTANT TO THE PRESIDENT FOR
NATIONAL SECURITY AFFAIRS
GEORGE VEST - ASSISTANT SECRETARY OF STATE (EUR)
JULIUS KATZ - ASSISTANT SECRETARY OF STATE (EB)
JAMES JOHNSON - EXECUTIVE ASSISTANT TO THE VICE
PRESIDENT
A. DENIS CLIFT - ASSISTANT TO THE VICE PRESIDENT
FOR NATIONAL SECURITY AFFAIRS
ALBERT A. EISELE, ASSISTANT TO THE VICE PRESIDENT
AND PRESS SECRETARY
WILLIAM SMITH - VICE PRESIDENT'S STAFF
ROBERT W. DUEMLING - DCM, EMBASSY OTTAWA (NOTETAKER)

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3. IN RESPONSE TO THE PRIME MINISTER'S RENEWED GREETING,
THE VICE PRESIDENT REFERRED TO THE FRIENDSHIP BETWEEN THE
PRIME MINISTER AND PRESIDENT CARTER AND SAID THAT AS THE
PRESIDENT'S REPRESENTATIVE HE HAD COME TO OTTAWA TO BUILD
ON THAT RELATIONSHIP. HE SENSED A STRONG DESIRE ON BOTH
SIDES TO WORK TOGETHER WHILE RESPECTING OUR SEPARATE
IDENTITIES.

4. THE PRIME MINISTER SPOKE POSITIVELY OF HOW OUR TWO
COUNTRIES ARE MANAGING THE RELATIONSHIP, CITING THE RE-
CENT GAS PIPELINE NEGOTIATIONS AS AN EXAMPLE, IN THAT
NEITHER SIDE WAS TRYING TO EXPLOIT THE OTHER, RATHER
THAT BOTH WOULD TRY TO GET AS MUCH COLLECTIVELY AS POSSIBLE,
AND WHERE WISHES COULD NOT BE ACCOMMODATED THE LET-DOWN
WOULD BE GENTLE. AS OTHER EXAMPLES OF THIS SPIRIT HE
MENTIONED DISCUSSIONS ON NUCLEAR NON-PROLIFERATION AND
THE NEGOTIATIONS ON MARITIME BOUNDARIES AND RESOURCES.
IN SUM, THE PRIME MINISTER SAID WE HAD HAD "AN INCREDIBLY
GOOD YEAR" WHICH DEMONSTRATED AMERICAN FRIENDSHIP FOR
CANADA AND VICE VERSA.

5. THE VICE PRESIDENT CONCURRED IN THE PRIME MINISTER'S

ASSESSMENT, AND ADDED AS OTHER AREAS OF COOPERATION SOUTHERN AFRICA, THE NORTH/SOUTH DIALOGUE, AND ECONOMIC DEVELOPMENT IN THE CARIBBEAN (WHERE HE COMPLIMENTED CANADA FOR A FINE JOB OVER MANY YEARS).

6. IN RESPONSE TO THE PRIME MINISTER'S INVITATION, THE

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VICE PRESIDENT LED OFF THE AGENDA.

7. ECONOMIC COOPERATION - THE VICE PRESIDENT NOTED THE CLOSE INTERRELATIONSHIP OF THE U.S. AND CANADIAN ECONOMIES. SINCE THE ADMINISTRATION IS CURRENTLY SEIZED WITH TAX REFORM LEGISLATION, HE SUGGESTED IT MIGHT BE HELPFUL IF SECRETARY BLUMENTHAL AND CEA CHAIRMAN SCHULTZE WOULD COME TO OTTAWA IN MARCH TO MEET WITH APPROPRIATE CANADIAN OFFICIALS. USG DID NOT WISH TO INSTITUTIONALIZE THIS ARRANGEMENT BUT THOUGHT OCCASIONAL MEETINGS ON AN INFORMAL BASIS, OF WHICH THIS WOULD BE THE FIRST, WOULD HELP EACH SIDE UNDERSTAND THE ECONOMIC PROBLEMS AND POLICIES OF THE OTHER AS IT WAS ATTEMPTING TO WORK OUT ITS OWN. THE VICE PRESIDENT ADDED THAT WE MIGHT ALSO USE THE OCCASION TO SHARE SOME PERCEPTIONS OF DEVELOPMENTS IN OTHER KEY ECONOMIES, SUCH AS THOSE OF GERMANY AND JAPAN.

8. THE PRIME MINISTER, SECONDED BY MINISTER CHRETIEN, WARMLY WELCOMED THIS PROPOSAL AS BOTH USEFUL AND TIMELY.

9. PICKING UP ON THE VICE PRESIDENT'S REFERENCE TO A POSSIBLE TAX CUT, THE PRIME MINISTER ASKED IF THE USG WAS ALSO CONTEMPLATING A SPENDING CUT. THE VICE PRESIDENT RESPONDED IN THE NEGATIVE, AND ALSO REFERRED TO

NEW TAXES IMPOSED TO PROTECT THE SOCIAL SECURITY PROGRAM.

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10. TURNING TO THE STATE OF THE U.S. ECONOMY, THE VICE PRESIDENT SAID IT HAD GROWN DURING 1977 BY APPROXIMATELY 4-1/2 TO 5 PERCENT. IN ADDITION, THE U.S. HAD ADDED TO THE WORK FORCE. THE U.S. HOPES FOR PRUDENT GROWTH IN THE NEAR TERM, WHICH WOULD BE STIMULATED BY A REDUCTION IN THE CORPORATE TAX RATE AND MORE LIBERAL INVESTMENT TAX CREDIT. IN ADDITION, THERE WILL BE REDUCTIONS IN THE INDIVIDUAL TAX RATE WITH GREATEST RELIEF TO THOSE EARNING LESS THAN \$25,000 (THIS BEING A PROGRESSIVE REDUCTION WITH EVERY TAX PAYER GETTING SOMETHING). MINISTER CHRETIEN, ON LEARNING THAT U.S. DOES NOT INDEX TAXES, COMMENTED THAT THE DEVICE HAS NOT BEEN SUCCESSFUL IN CANADA; MOREOVER, THE GOVERNMENT GETS NO POLITICAL CREDIT FOR TAX CUTS WHICH COME ABOUT THROUGH INDEXATION.

11. IN RESPONSE TO THE PRIME MINISTER'S QUESTION ABOUT UNEMPLOYMENT, THE VICE PRESIDENT SAID THE UNITED STATES HAD A GOOD YEAR WITH UNEMPLOYMENT DROPPING FROM 7.8 TO 6.4 PERCENT. THOUGH OUR FIGURES MAY BE SKEWED, WE THINK WE ARE BEGINNING TO MAKE IMPRESSIVE PROGRESS.

12. WITH RESPECT TO INFLATION, BY CONTRAST, THE VICE PRESIDENT EXPRESSED WORRY. IT IS RUNNING AT 6 TO 6-1/2 PERCENT AND PROJECTIONS ARE THE SAME FOR NEXT YEAR. THE U.S. NO LONGER BELIEVES IN WAGE/PRICE CONTROLS. RATHER, THE ADMINISTRATION IS NOW CONSIDERING INDUSTRY BY INDUSTRY COMMITTEES, OPERATING WITH PERSONAL INVOLVEMENT OF THE PRESIDENT, TO ATTEMPT TO TALK WAGE AND PRICE RISES DOWN.

13. IN RESPONSE TO PRIME MINISTER'S QUESTION, THE VICE PRESIDENT SAID THAT WAGES ARE GOING UP IN BOTH THE PRIVATE AND PUBLIC SECTORS, BUT HE ADDED THAT THE GOVERNMENT BE-

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LIEVES IT SHOULD SET AN EXAMPLE BY HOLDING THE LINE. CLEARLY, INFLATION AND UNEMPLOYMENT ARE MAJOR PROBLEMS AND WE WILL NEED TO "CRACK HEADS" TO MAKE PROGRESS.

14. MINISTER MACEACHEN, NOTING THE COOPERATION OF INDUSTRIAL STATES IN THE OECD, INQUIRED AS TO HOW ACTIONS IN GERMANY AND JAPAN, FOR EXAMPLE, IMPACT ON OUR ECONOMY AS CONTRASTED WITH DOMESTIC FORCES. THE VICE PRESIDENT

RESPONDED THAT BOTH PLAY A ROLE. IN ADDITION, WE IMPORT EXPENSIVE OIL WHICH IS AFFECTING THE VALUE OF THE DOLLAR, AND THAT MAKES OUR CENTRAL BANKERS WISH TO PUT THE BRAKES ON. THE VICE PRESIDENT REFERRED TO PUBLIC CONCERN ABOUT THE ECONOMIC ACTIONS OF OTHER COUNTRIES AND NOTED THAT OUR CITIZENS NEED BETTER ANSWERS THAN THEY ARE NOW GETTING. IN THIS CONNECTION, HE SAID STR AMBASSADOR STRAUSS HAS BEEN MAKING SOME PROGRESS WHICH WILL BE BENEFICIAL NOT ONLY TO U.S. BUT ALSO TO CANADA; FOR EXAMPLE, GETTING AGREEMENT BY JAPAN TO IMPORT MORE, TO GIVE MORE FOREIGN ASSISTANCE, ETC. (MR. KATZ AGREED TO BRIEF MINISTER JAMIESON ON THESE POINTS IN GREATER DETAILS).

15. TRADE - TURNING TO THE TOKYO ROUND, THE VICE PRESIDENT SAID THE U.S. WILL BE TABLING GREATER THAN FORMULA CUTS IN A NUMBER OF AREAS OF INTEREST TO CANADA, AND IN EFFECT RESPONDING TO \$2.1 BILLION OUT OF THE \$2.4 BILLION IN TRADE COVERED BY REQUESTS FROM CANADA. THE VICE PRESIDENT COMMENTED THAT HE UNDERSTOOD WE HAD GIVEN THE GOC A SUMMARY OF OUR SUBMISSION TO THE MTN.

16. AFTER SOME DISCUSSION, AMBASSADOR TOWE CLARIFIED THAT CANADA HAS NOT YET ANNOUNCED WHETHER IT WILL BE A FORMULA COUNTRY IN THE MTN. HOWEVER, MINISTER MACEACHEN SAID THAT ON JANUARY 23, IN GENEVA, CANADA WILL MAKE PUBLIC ITS APPROACH, INCLUDING THE CONDITIONS UNDER WHICH IT WOULD PARTICIPATE (INVOLVING SATISFACTION ON LOW DUTIES AND

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SPECIFIC SECTORS). MACEACHEN SAID THE GOC WOULD DECIDE WITHIN A DAY HOW IT WOULD PLAY THE ANNOUNCEMENT OF ITS POSITION.

17. MINISTER MACEACHEN WENT ON TO COMMENT THAT THE VERY POSITIVE POSTURE OF THE USG SHOULD NOT GO UNNOTICED. WHAT THE VICE PRESIDENT HAD SAID WOULD MAKE IT EASIER FOR CANADA TO BECOME A FULL PARTICIPANT, BUT THE GOC WISHED TO LEAVE THE ANNOUNCEMENT UNTIL JANUARY 23.

18. IN DISCUSSING HOW THIS POINT MIGHT BE "PLAYED TO THE PRESS", THE VICE PRESIDENT AGREED WITH MINISTER JAMIESON THAT WE SHOULD MAKE CLEAR OUR STRONG COMMITMENT TO A SUCCESSFUL TOKYO ROUND. MINISTER MACEACHEN NOTED-- AND THE VICE PRESIDENT AGREED--THAT CANADA AND THE U.S. SHOULD STAY "IN HARNESS" ON THIS ISSUE BECAUSE THE TRANS-BOUNDARY ASPECT OF OUR ECONOMIC WELFARE IS SO PROFOUND.

19. IN RESPONSE TO A QUESTION FROM MINISTER CHRETIEN, MR. KATZ SAID THAT THE EC IS STILL STRUGGLING WITH LANGUAGE ON THE DEPTH OF THE TARIFF CUTS WHICH THEY WILL ACCEPT.

20. ENERGY - TURNING TO ENERGY, THE VICE PRESIDENT SUPPORTED THE IDEA OF "SWAP-BACK" AGREEMENTS ON INCREASED GAS EXPORTS TO FACILITATE FINANCING AND CONSTRUCTION OF
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THE SOUTHERN SECTION OF THE NEW GAS PIPELINE, KEEPING IN MIND THAT THE APPROPRIATE ROLES OF REGULATORY BODIES AND PRIVATE INTERESTS IN BOTH COUNTRIES SHOULD BE RESPECTED.

21. MINISTER GILLESPIE INTERVENED WITH A REMARK DIRECTED TO THE THREE U.S. SENATORS PRESENT, WISHING THEM WELL ON AN EARLY RESOLUTION OF THE ENERGY PACKAGE NOW PENDING IN THE CONGRESS. HE NOTED CANADIAN CONCERN ABOUT THE TIME IT IS TAKING FOR THE CONGRESS TO APPROVE AN ENERGY PROGRAM. THIS ISSUE HAS AN INHIBITING INFLUENCE ON U.S./CANADIAN RELATIONS BECAUSE MOST CANADIANS THINK THERE IS NO POINT IN HELPING THE U.S. WITH ITS ENERGY SHORTAGE IF AMERICANS THEMSELVES CANNOT AGREE ON A SERIOUS CONSERVATION EFFORT.

22. THE VICE PRESIDENT SAID HE WOULD QUOTE MINISTER GILLESPIE ON THIS POINT, NOTING THAT WHEREVER THE PRESIDENT AND HE GO ABROAD THEY HAVE HEARD THE SAME POINT OF VIEW. OBVIOUSLY, WE MUST TAKE SERIOUSLY THE INTERNATIONAL DIMENSIONS OF THE PROBLEM.

23. MINISTER GILLESPIE SUGGESTED THAT, FOR THE PURPOSE OF THIS MEETING, WE SIMPLY SAY TO THE PRESS THAT THE IDEA OF "TIME-SWAPS"--CANADIAN GAS NOW FOR ALASKAN GAS LATER--HAD BEEN DISCUSSED, AND GENERALLY RELATED TO EARLY CONSTRUCTION OF THE SOUTHERN SECTION OF THE LINE, WHILE ALSO ACKNOWLEDGING ALBERTA'S INTEREST AND RESPONSIBILITY IN

THIS AREA. THE VICE PRESIDENT AGREED, REAFFIRMING THE NEED TO RECOGNIZE THE APPROPRIATE ROLES OF THE REGULATORY AGENCIES AND PRIVATE BUSINESS. IN RESPONSE TO A QUERY FROM MINISTER MACEACHEN, MINISTER GILLESPIE NOTED THAT EARLY THROUGHPUT SHOULD BE RELATED PUBLICLY TO CONSTRUCTION OF THE SOUTHERN LEG, NOT TO THE OVERALL FINANCABILITY

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OF THE PIPELINE.

24. THE VICE PRESIDENT NEXT PROPOSED THAT WE ANNOUNCE AGREEMENT ON A JOINT FEASIBILITY STUDY ON JOINT STORAGE OF OIL IN THE ATLANTIC PROVINCES (TO THE ENTHUSIASTIC RESPONSE OF MINISTERS MACEACHEN AND JAMIESON WHO, RESPECTIVELY, REPRESENT NOVA SCOTIA AND NEWFOUNDLAND). FURTHER, THE VICE PRESIDENT SUGGESTED THAT RESULTS OF THE STUDY SHOULD BE AVAILABLE WITHIN 90 DAYS, AND THAT THEREAFTER SUCH QUESTIONS AS ENVIRONMENTAL IMPACT SHOULD BE ADDRESSED. THE STUDY SHOULD BEGIN IMMEDIATELY, AND ON THE U.S. SIDE WOULD BE CARRIED OUT BY THE DEPARTMENTS OF STATE AND ENERGY.

25. IN A RELATED ISSUE, MINISTER LEBLANC ASKED THAT CANADA BE GIVEN ADVANCE NOTICE IF U.S. REGULATORY AGENCIES DECIDED NEGATIVELY ON THE TENNECO PROPOSAL FOR A LINE THROUGH NEW BRUNSWICK TO CARRY LNG. IN THIS CONNECTION, AMBASSADOR ENDERS NOTED THAT OUR REGULATORY BODIES (AS WELL AS THE ADMINISTRATION) ARE CHIEFLY CONCERNED WITH THE COST OF GAS, AND THEY THEREFORE EXHIBIT A TENDENCY TO APPROVE LOW COST PROJECTS AND ARE SKEPTICAL ABOUT HIGH COST PROJECTS. MINISTER GILLESPIE REJOINED THAT SUCH PROJECTS MAY HAVE SOME MULTILATERAL ADVANTAGES, AND WE SHOULD THEREFORE BE ALERT TO POTENTIAL COLLATERAL BENEFITS.

26. MINISTER GILLESPIE THEN RAISED THE QUESTION OF EXCESS REFINERY CAPACITY IN THE MARITIMES. HE ASKED HOW WE MIGHT GO ABOUT EXAMINING POTENTIAL BENEFITS FOR THE U.S. OF UTILIZING THIS CANADIAN CAPACITY, AND HE NOTED THAT THE

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QUESTION WAS NOT UNRELATED TO THE ISSUE OF EMERGENCY OIL STORAGE. THE VICE PRESIDENT RESPONDED THAT THE U.S. UNDERSTANDS THE CANADIAN INTEREST, BUT HE POINTED OUT THAT THE ISSUE IS A SENSITIVE ONE IN THE U.S. AND HE WAS NOT PREPARED TO ADDRESS THE QUESTION AT THIS MEETING. HOWEVER, HE AGREED TO LOOK INTO THE MATTER FURTHER.

27. THE VICE PRESIDENT THEN PROPOSED A JOINT FEASIBILITY STUDY ON ELECTRICITY EXCHANGES, FOR WHICH DOE WOULD BE ACTION AGENCY ON THE U.S. SIDE. MINISTER GILLESPIE AGREED WITH THIS PROPOSAL.

28. EXTRATERRITORIALITY - THE VICE PRESIDENT THEN SPOKE OF THE LONG-STANDING PROBLEM OF EXTRATERRITORIALITY. HE SAID THE USG RECOGNIZED GOC CONCERNS. WE HAVE THEREFORE DEVELOPED A PROPOSAL BY WHICH OUR JUSTICE DEPARTMENT WOULD NOTIFY THE CANADIAN MINISTRY OF JUSTICE OF ANY SPECIFIC INTEREST, AND THAT WE WOULD SEEK TO OBTAIN REQUIRED INFORMATION VOLUNTARILY WHILE RESERVING THE RIGHT TO PROCEED UNILATERALLY IF THAT SHOULD BECOME ABSOLUTELY NECESSARY. THE PRIME MINISTER NOTED THAT THIS WAS THE KIND OF ARRANGEMENT HE HAD DISCUSSED WITH THE PRESIDENT.

29. CONVENTION TAX - THE VICE PRESIDENT THEN NOTED THAT THE ADMINISTRATION IS PLANNING TO ACCOMMODATE TO SOME CONFIDENTIAL

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DEGREE CANADIAN PROBLEMS WITH THE CONVENTION TAX IN THE CONTEXT OF OUR TAX REFORM LEGISLATION. WHILE OUR PROPOSALS AT THIS STAGE MAY NOT BE FULLY ADEQUATE FROM A CANADIAN POINT OF VIEW, THEY SHOULD STILL BE OF SOME HELP AND IN ANY CASE THE U.S. IS READY TO NEGOTIATE THIS ISSUE FURTHER IN THE CONTEXT OF OUR BILATERAL TAX TREATY NEGOTIATION. IN RESPONSE TO MINISTER CHRETIEN'S REPLY THAT "SOMETHING IS BETTER THAN NOTHING", THE VICE PRESIDENT REITERATED HIS UNDERSTANDING OF CANADIAN CONCERN BUT ALSO NOTED THE EMOTIONAL UNDERTONES OF THIS ISSUE FOR THE AVERAGE AMERICAN WAGE EARNER. MINISTER JAMIESON

INTERJECTED THAT THE MECHANISM OF TREATING THE ISSUE IN THE BILATERAL TAX TREATY NEGOTIATION WOULD BE A BIT CUMBERSOME AND HE ASKED IF WE COULD NOT SIMPLY INCLUDE IN OUR LAW EXEMPTIONS FOR CANADA AND MEXICO. AMBASSADOR ENDERS COMMENTED THAT A BASKET EXEMPTION WOULD BE POLITICALLY DIFFICULT FOR THE ADMINISTRATION.

30. MINISTER CHRETIEN THEN SAID THAT HE UNDERSTOOD THE NEW U.S. TAX REFORM LEGISLATION MIGHT ALTER EXISTING PROVISIONS FOR TAX DEFERRALS ON EARNINGS FROM FOREIGN INVESTMENT AND THAT THIS COULD HAVE A SERIOUS IMPACT IN CANADA. THE VICE PRESIDENT TOOK NOTE OF THIS CONCERN, ASSERTED THAT THE ADMINISTRATION IS TRYING TO BLUNT PROTECTIVE TENDENCIES, AND ASKED THAT THE CANADIANS PROVIDE A MEMORANDUM WHICH OUTLINES THEIR CONCERN.

31. THE PRIME MINISTER CONCLUDED DISCUSSION OF THIS ISSUE BY SAYING THAT WHILE THE U.S. CONVENTION TAX PROPOSAL MAY NOT BE ENOUGH FROM A CANADIAN PERSPECTIVE, HE WISHED TO EXPRESS APPRECIATION BOTH FOR OUR RECOGNITION OF THE PROBLEM AND FOR WHAT WE WERE PREPARED TO DO. THE VICE PRESIDENT ADDED THAT WE PLAN TO INCREASE THE DUTY-FREE
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ALLOWANCE FOR TRAVELERS FROM \$100 TO \$250 (PERMITTED EACH MONTH) AND THIS SHOULD ALSO HELP ALLEVIATE THE PROBLEM.

32. MARINE BOUNDARIES - AT THE REQUEST OF THE VICE PRESIDENT, AMBASSADOR ENDERS THEN COMMENTED ON THE CURRENT STATUS OF THE MARINE BOUNDARIES NEGOTIATIONS, NOTING THAT IT WOULD BE HELPFUL FOR THIS MEETING TO REAFFIRM THE TIMETABLE (A FINAL DECISION IS DUE BY JANUARY 31) SINCE THE NEGOTIATION HAS REACHED A CRITICAL STAGE.

33. MINISTER JAMIESON NOTED THAT HE WOULD BE MEETING THE CANADIAN NEGOTIATOR, MARCEL CADIEUX, ON JANUARY 18. JAMIESON ASSUMED THAT THE NEGOTIATIONS WERE PROCEEDING SATISFACTORILY. HE NOTED THAT IN CANADA THE FEDERAL GOVERNMENT HAS THE PROBLEM OF GETTING PROVINCIAL GOVERNMENT CONCURRENCE, WHILE THE U.S. HAS A SIMILAR PROBLEM IN GETTING CONCURRENCE FROM THE REGIONAL COUNCILS. MINISTER LEBLANC SAID THAT NO DOUBT BOTH SIDES MUST SHOW FLEXIBILITY AND IMAGINATION, SINCE REAL POLITICAL DIFFICULTIES EXIST ON BOTH SIDES.

34. AGRICULTURE - THE VICE PRESIDENT THEN REFERRED TO CURRENT DIFFICULTIES RELATING TO THE EXPORT OF CANADIAN CATTLE AND BEEF TO THE U.S. HE SUGGESTED THAT OUR TWO MINISTERS OF AGRICULTURE MEET ON THIS SUBJECT AND THAT IF THIS WERE AGREEABLE TO THE GOC, HE WOULD LIKE TO

ANNOUNCE THE DECISION IN EDMONTON. THE PRIME MINISTER
AGREED THAT SUCH AN ANNOUNCEMENT COULD BE MADE, THOUGH
THERE WAS SOME QUESTION ON THE CANADIAN SIDE AS TO WHETHER
THE MINISTER OF AGRICULTURE OR THE MINISTER OF TRADE
WOULD TAKE THE LEAD. ENDERS

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